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AZ CORP COMMISSION  
DOCUMENT CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF JOHNSON UTILITIES COMPANY,  
L.L.C. FOR EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY.

DOCKET NO. WS-02987A-05-0695

**APPLICANT'S COMMENTS AND  
OBJECTIONS TO THE STAFF  
REPORT**

Johnson Utilities Company, L.L.C. ("Johnson" or the "Company") by and through undersigned counsel, hereby provides its Comments and Objections to the Staff Report (the "Staff Report") dated April 3, 2006 as follows:

1. The Staff Report contains a recommendation regarding an approval that the Company should provide as compliance item in this Docket; namely the Designation of Assured Water Supply from the Arizona Department of Water Resources. ("ADWR")

2. Attached is the ADWR Decision in Docket No 2003-004, Decision and Order No. 26-400665, dated August 12, 2003, confirming the availability of 52,250 Acre Feet of water. That is sufficient to serve in excess of 150,000 customers. There is no further administrative approval needed from ADWR

3. The Company is of the opinion that the recognition of this previously received Designation, which will be included as a Exhibit in the evidentiary hearing in this matter, will

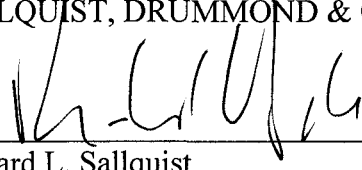
1 eliminate the need to unduly burden the Staff and the Company with the administrative necessity  
2 to docket and track the previously and fully obtained approval.

3 4. The three other Staff recommended compliance filings contained in the Staff  
4 Report which are to be filed within two years are appropriate, and the Company has no  
5 objections to those recommendations.

6 WHEREFORE, the Company respectfully requests that the Staff acknowledge, and the  
7 Decision in this Docket recite, the Company's receipt and docketing of the Staff's recommended  
8 compliance requirement regarding the ADWR Designation item as discussed above.

9 RESPECTFULLY submitted this 17<sup>th</sup> day of April 2006.

10 SALLQUIST, DRUMMOND & O'CONNOR, P.C.

11 By:   
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17  
18 Original and fifteen copies of the  
19 foregoing filed this 17<sup>th</sup> day  
of April 2006:

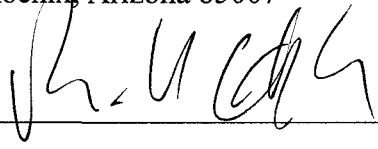
20 Docket Control  
21 Arizona Corporation Commission  
22 1200 West Washington  
23 Phoenix, Arizona 85007

1 A copy of the foregoing  
mailed/hand delivered this  
2 17th day of April 2006, to:

3 Hearing Division  
Arizona Corporation Commission  
4 1200 West Washington  
Phoenix, Arizona 85007

5 Utilities Division  
6 Arizona Corporation Commission  
1200 West Washington  
7 Phoenix, Arizona 85007

8 Legal Division  
Arizona Corporation Commission  
9 1200 West Washington  
Phoenix, Arizona 85007

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DEPARTMENT OF WATER RESOURCES

BEFORE THE DIRECTOR

IN THE MATTER OF THE APPLICATION  
OF JOHNSON UTILITIES  
FOR A DESIGNATION AS HAVING AN  
ASSURED WATER SUPPLY

AWS No. 2003-004

DECISION AND ORDER

No. 26-400665

On December 26, 2001, the Department of Water Resources (Department) received an application from Johnson Utilities, L.L.C. requesting that the Department modify Johnson Utilities' designation of assured water supply pursuant to A.R.S. § 45-576(D) and A.A.C. R12-15-701 *et seq.* for Johnson Utilities' municipal water delivery system. On January 28, 2003, the Department determined the application to be complete.

After receiving Johnson Utilities' request to modify its designation of assured water supply, and after reviewing relevant information regarding the modification request, including: 1) the hydrologic study of the proposed source of supply on file with the Department, 2) information submitted regarding Johnson Utilities' consistency with the management plan and management goal, 3) information provided by the Arizona Department of Environmental Quality regarding the quality of the proposed source of water, and 4) information regarding Johnson Utilities' financial capability to construct the necessary delivery system, treatment works and storage facilities, the Department finds the following:

1. Johnson Utilities is a private water company regulated by the Arizona Corporation Commission.
2. Johnson Utilities has the legal authority, as granted by the Arizona Corporation Commission, to deliver water to its customers located within the boundaries of its Certificate of Convenience and Necessity as indicated on maps on file with the Department.
3. Johnson Utilities has the right to withdraw and deliver groundwater to its customers pursuant to service area right #56-002346.0000.
4. Johnson Utilities currently serves 100 percent groundwater to its customers.
5. Johnson Utilities' current and committed demand is 1,232 acre-feet per year, as of 2003.

6. Johnson Utilities' groundwater supply proven to be physically available is 52,250 acre-feet per year.
7. Johnson Utilities' total groundwater supply which was proven to be physically, continuously and legally available is 18,154 acre-feet per year, which is greater than Johnson Utilities' projected demand for the calendar year 2011 of approximately 5,633 acre-feet per year.
8. Historic hydrologic information demonstrates that groundwater levels in the service area currently range from approximately 300 to 700 feet with a minimal regional decline.
9. After one hundred years of pumping at 5,633 acre-feet per year, the depth-to-water inside Johnson Utilities' service area is expected to range from 400 to 550 feet below land surface and not expected to exceed 1,000 feet below land surface.
10. Johnson Utilities is regulated as a large provider under the Department's Third Management Plan for the Phoenix Active Management Area. Johnson Utilities is in compliance with the Third Management Plan requirements as of the date of this decision and order.
11. The groundwater supply that Johnson Utilities intends to provide its customers currently meets all federal and state water quality standards, based on compliance information provided by the Arizona Department of Environmental Quality.
12. On June 9, 2000 Johnson Utilities became a member service area of the Central Arizona Groundwater Replenishment District ("CAGRDR").
13. The June 9, 2000 replenishment agreement between Johnson Utilities and the CAGRDR limits the replenishment obligation of the CAGRDR to 5,967 acre-feet per year, which is more than Johnson Utilities projected 2011 demand of 5,633 acre-feet per year.
14. On February 24, 1995, the Director designated that the CAGRDR Plan of Operation was consistent with achieving the management goal of the Phoenix Active Management Area.
15. As of the date of this decision and order, the CAGRDR is in compliance with its groundwater replenishment obligation for the Phoenix Active Management Area.
16. In accordance with Arizona Corporation Commission Rules and Regulations, Johnson Utilities finances extension of its distribution system through line extension agreements

1 with owners of new developments. Any owner of a new subdivision served by Johnson  
2 Utilities must prove financial capability to construct the necessary water infrastructure to  
3 the appropriate platting entity and the Arizona Department of Real Estate pursuant to  
4 Titles 9, 11, and 32 of the Arizona Revised Statutes.

5 **Having reviewed the Findings of Fact, the Department makes the following**

6 **Conclusions of Law:**

- 7 1. The annual volume of water was found to be physically, continuously and legally available  
8 to Johnson Utilities for a minimum of 100 years as prescribed in A.A.C. R12-15-703, and  
9 exceeds Johnson Utilities' projected demand of 5,633 acre-feet for the year 2011.
- 10 2. The water supply served by Johnson Utilities currently meets the water quality  
11 requirements specified in A.A.C. R12-15-704.
- 12 3. Pursuant to A.R.S. § 45-576.01(B), 5,967 acre-feet of Johnson Utilities projected use of  
13 groundwater, as a member service area of the CAGRD, is consistent with achieving the  
14 management goal of the Phoenix Active Management Area.
- 15 4. In accordance with A.A.C. R12-15-706, Johnson Utilities proposed use of water is  
16 consistent with the Phoenix Active Management Area Third Management Plan  
17 requirements.
- 18 5. Johnson Utilities satisfies the financial capability criteria prescribed in A.A.C. R12-15-707.
- 19 6. Johnson Utilities satisfied all the requirements for a designation of an assured water  
20 supply.

21 **Having reviewed the Conclusions of Law, the Department hereby issues this Order**  
22 **designating Johnson Utilities as having an assured water supply, subject to the following**  
23 **conditions:**

- 24 1. The Department reserves the right under A.A.C. R12-15-709 (A) to periodically review  
25 and modify this designation as conditions warrant.
- 26 2. Pursuant to A.A.C. R12-15-709, the Department may, at any time, review, modify or  
27 revoke this designation if the findings of fact or the conclusions of law upon which the  
28 designation are based change or are invalid.

- 1        3.     The Department's determination that an assured water supply exists for Johnson Utilities  
2           is based on its analysis of the groundwater supplies pledged by Johnson Utilities.
- 3        4.     Pursuant to A.A.C. R12-15-704, Johnson Utilities shall satisfy any state water quality  
4           requirements established for its proposed use after the date of this designation.
- 5        5.     Johnson Utilities shall annually provide to the Department the following information in the  
6           manner prescribed in A.A.C. R12-15-711:
- 7           a.     The estimated future demand of platted, undeveloped lots located in Johnson  
8           Utilities' service area.
- 9           b.     The projected demand at build-out for customers with which Johnson Utilities has  
10           entered into a notice of intent to serve agreement in the calendar year.
- 11          c.     A report regarding Johnson Utilities' compliance with water quality requirements.
- 12          d.     The depth-to-static water level of all wells from which Johnson Utilities withdrew  
13           water during the calendar year.
- 14          e.     Any other information requested by the Director to determine whether Johnson  
15           Utilities is continuing to meet all the requirements necessary to maintain this  
16           designation of assured water supply.

17           **IT IS HEREBY ORDERED THAT JOHNSON UTILITIES BE DESIGNATED AS HAVING AN**  
18           **ASSURED WATER SUPPLY:**

19           DATED this 12 day of August, 2003.

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21           Herb R. Guenther  
22           Director

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